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September 22, 2009

Inspector General

United States Department *of* Defense



Afghanistan Security Forces Fund Phase III - Accountability
for Equipment Purchased for the
Afghanistan National Police

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Acronyms and Abbreviations

ANP	Afghanistan National Police
ARSIC	Afghanistan Regional Security Integration Command
ASF	Afghanistan Security Forces
CJ	Combined Joint
CSTC-A	Combined Security Transition Command–Afghanistan
DA	Department of the Army
MEL	Master Equipment List
MoI	Ministry of Interior
U.S.C.	United States Code
USCENTCOM	U.S. Central Command
VIN	Vehicle Identification Number



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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ARLINGTON, VIRGINIA 22202-4704

September 22, 2009

MEMORANDUM FOR COMMANDER, U.S. CENTRAL COMMAND
COMMANDING GENERAL, COMBINED SECURITY TRANSITION
COMMAND-AFGHANISTAN

SUBJECT: Afghanistan Security Forces Fund Phase III – Accountability for Equipment
Purchased for the Afghanistan National Police (Report No. D-2009-100)

We are providing this report for review and comment. We considered management comments on a draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all recommendations be resolved promptly. U.S. Central Command comments on the draft report were not responsive to Recommendation B.2. However, as a result of those comments, we revised Recommendation B.2 to clarify the intent of the recommendation. Therefore, we request that the Commander, U.S. Central Command provide additional comments on Recommendation B.2. by October 2, 2009.

The Combined Security Transition Command-Afghanistan comments conformed to the requirements of DoD Directive 7650.3 and left no unresolved issues. Therefore, additional comments from the Combined Security Transition Command-Afghanistan are not required.

If possible, send your comments in electronic format (Adobe Acrobat file only) to audj&oo@dodig.mil. Copies of your comments must have the actual signature of the authorizing official for your organization. We are unable to accept the / Signed / symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-8905 (DSN 664-8905).

Paul J. Granetto
Principal Assistant Inspector General
for Auditing



Results in Brief: Afghanistan Security Forces Fund Phase III – Accountability for Equipment Purchased for the Afghanistan National Police

What We Did

We determined whether the Combined Security Transition Command-Afghanistan (CSTC-A) could account for equipment purchased with the Afghanistan Security Forces (ASF) Fund to support the Afghanistan National Police (ANP). We also determined whether CSTC-A properly transferred accountability for the equipment to the ANP.

What We Found

We identified internal control weaknesses in accounting for equipment provided to the ANP. Specifically, CSTC-A did not have adequate receiving and inventory controls and could not account for all vehicles, radios, and computers purchased for the ANP. In addition, 12 laptop computers purchased with ASF funds and intended for issue to the ANP are currently being used by contractor staff.

We also identified internal control weaknesses related to the turnover of equipment to the ANP. CSTC-A did not formally transfer vehicles, radios, or computers to the Afghanistan Government. CSTC-A transferred equipment to the ANP using U.S. Department of the Army hand receipt forms rather than officially transferring ownership and accountability for equipment to the ANP.

What We Recommend

The Commanding General, CSTC-A should:

- require that vehicle contracts call for vehicle identification numbers to be included on each DD Form 250 to document receipt;
- develop and implement formal standard operating procedures to prepare complete

and accurate property records for vehicles, radios, and laptop computers;

- develop and implement standard operating procedures for the distribution of ANP radios;
- develop and implement controls to prevent the improper use of ASF-funded equipment intended for the ANP;
- conduct an investigation to locate the 89 missing computers and determine the cause for the discrepancy; and
- develop and implement a process to transfer accountability for equipment to the Afghanistan Government.

The Commander, U.S. Central Command should develop and issue formal guidance on the proper use of ASF-funded equipment.

Management Comments and Our Response

The Commanding General, CSTC-A agreed with all recommendations except one. Specifically, the Commanding General only partially agreed with our recommendation requiring vehicle identification numbers to be included on DD Forms 250. However, CSTC-A actions met the intent of our recommendation and no additional comments are required.

The Commander, U.S. Central Command did not agree with our recommendation to issue formal guidance on the proper use of equipment purchased for support of the ANP. As a result of the Commander's comments we revised the recommendation to clarify its intent. Additional comments are required by October 2, 2009, as outlined in the table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commander, U.S. Central Command	B.2.	
Commanding General, Combined Security Transition Command-Afghanistan		A.1., A.2., A.3., B.1., C.

Please provide comments by October 2, 2009.

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Introduction

Objectives

Our objectives for this audit were to determine whether organizations in Southwest Asia given the responsibility by the U.S. Central Command (USCENTCOM) for managing the Afghanistan Security Forces (ASF) Fund properly accounted for the goods and services purchased using the ASF Fund and whether the goods and services purchased were properly delivered to the ASF. See Appendix A for a discussion of the scope and methodology. See Appendix B for prior coverage.

Background

This report is part of a three-phase audit of the ASF Fund. As of June 30, 2008, about \$15.3 billion had been appropriated to the ASF Fund through six public laws: 109-13, 109-234, 109-289, 110-28, 110-161, and 110-252.¹ For this report, we reviewed the procedures and systems that the Combined Security Transition Command – Afghanistan (CSTC-A) used to account for equipment purchased with ASF funds and intended for transfer to the Afghanistan National Police (ANP).

In the first phase of our audit (discussed in DoD IG Report No. D-2008-012, “Distribution of Funds and the Validity of Obligations for the Management of the Afghanistan Security Forces Fund – Phase I,” November 5, 2007), we determined that DoD distributed \$4.7 billion of budget authority appropriated by Public Laws 109-13, 109-234, and 109-289 for the ASF Fund in compliance with provisions of the three public laws and appropriations law.

During the second phase (discussed in DoD IG Report No. D-2009-050, “Distribution of Funds and the Validity of Obligations for the Management of the Afghanistan Security Forces Fund Phase II,” February 5, 2009), we validated that DoD obligated \$1.3 billion of ASF funds to assist the ASF in accordance with Public Laws 109-13, 109-234, and 109-289 and with appropriations law.

In this third phase, we have addressed the accountability for real property construction, weapons, vehicles, radios, and computers provided to support the ASF. This report addresses accountability for ASF-funded equipment – specifically, vehicles, radios, and computers purchased in support of the ANP.

¹ The six public laws are: Public Law 109-13, “Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Tsunami Relief, 2005”; Public Law 109-234, “Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006”; Public Law 109-289, “Department of Defense Appropriations Act, 2007”; Public Law 110-28: “U.S. Troop Readiness, Veterans’ Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007”; Public Law 110-161, “Consolidated Appropriations Act, 2008”; and Public Law 110-252, “Supplemental Appropriations Act, 2008.”

Afghanistan Security Forces Fund

Public Laws 109-13, 109-234, 109-289, 110-28, 110-161, and 110-252 appropriated funds for the security forces of Afghanistan. The funds were for the provision of equipment; supplies; services; training; and facility and infrastructure repair, renovation, and construction. This report focuses on the equipment portion of the ASF Fund appropriation.

Roles and Responsibilities for ANP Force Generation

USCENTCOM is responsible for working to promote development and cooperation among nations to establish security and stability in its area of responsibility. Afghanistan is one of the countries within the USCENTCOM area of responsibility. USCENTCOM, through its subordinate command CSTC-A, is working with the Government of Afghanistan to build up the ASF, which includes the ANP. The CSTC-A mission is to plan, program, and implement force generation that establishes an enduring, self-sustaining capability within the ASF.

CSTC-A officially assumed the lead U.S. role in reforming the ANP on July 12, 2005. Entry-level training is conducted at the Central Training Center in Kabul or at one of seven regional training centers in Kandahar, Herat, Gardez, Mazar-e-Sharif, Konduz, Jalalabad, and Bamyan. After completing training, Afghan recruits may join one of several police organizations (uniformed, border, civil order, counternarcotics, criminal investigation, or counterterrorism). The plan for the ANP is to establish a force of 82,000 personnel capable of operating countrywide. Approximately 75,000 ANP personnel are already trained and in place.²

CSTC-A Organizational Structure

CSTC-A has aligned its personnel and resources into eight operating divisions. The eight divisions are called “combined joint” (CJ) because several perform their function using a mix of U.S. military personnel and international forces. Figure 1 shows the eight divisions.³

² ANP personnel levels were taken from the “United States Plan for Sustaining the Afghanistan National Security Forces,” June 2008, a report required by the 2008 National Defense Authorization Act (Section 1231, Public Law 110-81).

³ An additional division for engineering (CJENG) provides oversight of real property construction.

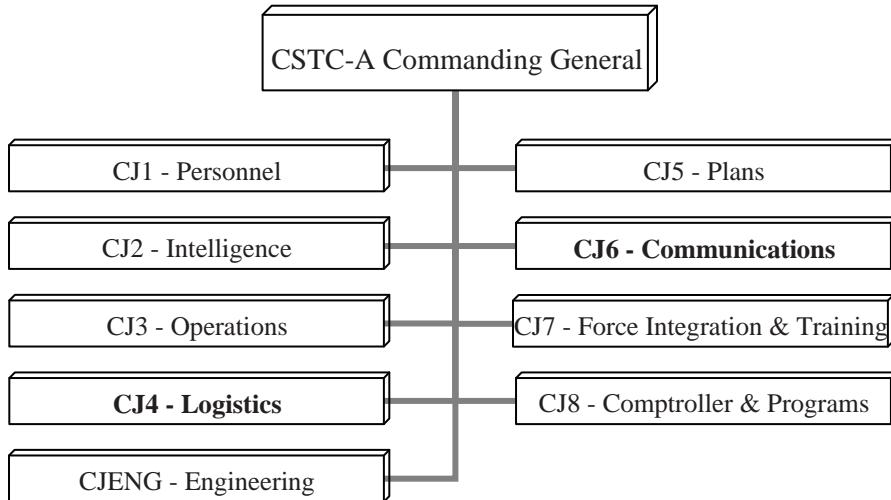


Figure 1. CSTC-A Operating Divisions

The Logistics (CJ4) and Communications (CJ6) Divisions (highlighted in Figure 1) are responsible for maintaining DoD property accountability systems for all vehicles, radios, and computers received in Afghanistan and intended for the ANP. The Logistics Division is required to prepare and retain property books for all vehicles. It also monitors whether the vehicles are used for lawful purposes and uses teams of mentors⁴ to teach the ANP how to independently account for, maintain, and secure the vehicles. Similarly, the Communications Division provides comprehensive ANP communications development throughout Afghanistan. This ranges from tracking all radios and related equipment received in Afghanistan to fielding radio installation teams to ANP facilities in all Afghan provinces. The Communications Division is also responsible for computers intended for the ANP. To perform their assigned functions, both divisions rely heavily on contractor personnel. See Appendix C for a discussion of the lack of property books for ANP regional units.

Guidance on Inventory Control

U.S. law, DoD Instructions, and Army Regulations provide guidance requiring all persons entrusted with the management of Government property to maintain adequate controls and accountability for property under their control. See Appendix D for the guidance concerning inventory control.

Review of Internal Controls

We determined that internal control weaknesses in CSTC-A property accountability systems existed as defined by DoD Instruction 5010.40, “Managers’ Internal Control (MIC) Program Procedures,” January 4, 2006. CSTC-A did not have adequate receiving and inventory controls to account for all vehicles, radios, and laptop computers acquired for the ANP. In addition, CSTC-A did not have a formal process to officially transfer accountability for equipment to the Afghanistan Government. Implementing all

⁴ Mentors are DoD or contractor personnel serving as advisors to the ASF.

recommendations will improve the internal controls over the receipt of equipment in Afghanistan, its use by the ANP, and its official transfer to the Afghanistan Government. We will provide a copy of this report to the senior CSTD-A official responsible for internal controls.

Finding A. Receiving and Inventory Controls for Vehicles

CSTC-A did not have complete property records for vehicles purchased for the ANP. CSTC-A had not effectively implemented receiving and inventory controls to ensure accountability for all vehicles purchased for the ANP. As a result, DoD has no assurance that vehicles purchased for the ANP were received or that ANP units received the quantity or type of vehicles ordered.

Vehicles Purchased by CSTC-A

CSTC-A used ASF funds to order over 8,221 light tactical vehicles worth about \$189.0 million from a contractor for delivery to sites in Afghanistan. In total 7,948 light tactical vehicles had been received at the Coprin Lot in Kabul as of March 9, 2008.

Receiving Controls for Vehicles

The Coprin Lot in Kabul is the primary receiving and storage location for all vehicles intended for the ANP. The Coprin Lot is operated by a vehicle storage contractor that is also paid to maintain property records for vehicles received at the lot, process them for delivery, and then help transfer them to the ANP. The vehicle storage contractor prepared and updated the accountable property records for all vehicles at the Coprin Lot. The vehicle storage contractor used the vehicle identification number (VIN) as the primary identifier for each vehicle.

Shipment and Tracking of Accepted Vehicles

DOD officially accepts the vehicles destined for the ANP at a contractor facility in Thailand. The vehicles are accepted by use of a DD Form 250, "Material Inspection and Receiving Report," which is signed by a Defense Contract Management Agency representative.

Receipt of Vehicles

We did not identify a point within the vehicle receiving process at which the vehicle storage contractor or CSTC-A personnel reconciled the VINs of all vehicles received at the Coprin Lot to the DD Forms 250 that were used to authorize payment for the vehicles ordered and shipped from the subsidiary contractor facility. Reconciliation could not be accomplished because the DD Forms 250 prepared by the subsidiary contractor, during vehicle acceptance by the Defense Contract Management Agency did not contain VIN information. Instead, the forms contained serial numbers for the containers used to ship the vehicles. Without an effective VIN reconciliation, vehicles intended for the ANP that become lost or stolen during shipment may not be identified or recovered.

Inventory Controls for Vehicles

CSTC-A inventory controls did not ensure all vehicles purchased with ASF funds and issued to the ANP were accounted for. DoD Instruction 5000.64, "Accountability and

Management of DoD-Owned Equipment and Other Accountable Property,” November 2, 2006, states that “accountable property records shall be established for all property purchased, or otherwise obtained, having a unit acquisition cost of \$5,000 or more.” We performed site visits at CSTC-A storage facilities in the Kabul area, as well as at ANP units in the Kabul, Balkh, Paktia, Kandahar, and Herat provinces. During our visits, we performed tests of inventory controls and found instances in which vehicles were not included or properly accounted for in property records.

Accuracy of Records at the Coprin Lot

The vehicle storage contractor operating the Coprin Lot accounted for vehicles by recording the VIN of each vehicle that arrived at the Coprin Lot in a spreadsheet. During April 2008, we visited the Coprin Lot (see Figure 2) to perform two tests to determine whether the vehicle storage contractor’s spreadsheet was accurate. The vehicle storage contractor inventory controls were generally effective. Of the 129 VINs tested, 127 matched the vehicles in inventory at the Coprin Lot and the vehicle storage contractor records. Of the two VINs that did not match, one belonged to a vehicle undergoing maintenance at another facility; the other belonged to a vehicle found on the lot but not listed in the spreadsheet.



Figure 2. Auditors Inspect Light Tactical Vehicles at the Coprin Lot

Security of Records at Coprin Lot

We observed that the vehicle storage contractor representative stored the spreadsheet with all ANP vehicle information on a highly portable flash drive without physical or electronic security protection. While accessing this device, we noted that the flash drive also contained numerous pictures, music files, and other personal information. In addition, we could not confirm that backup copies of the spreadsheet were made. The vehicle storage contractor’s single spreadsheet was uncontrolled and commingled with personal information and therefore could be at risk for inappropriate access that would conceal the theft or loss of vehicles. Furthermore, without backup, significant costs would be incurred to reconstruct the Coprin Lot ANP vehicle inventory if the spreadsheet fails or is lost. The CSTC-A Logistics Division was notified during our site visit in April 2008 that the vehicle storage contractor records were being kept on a thumb drive at

Coprin Lot. In response to the preliminary discussion draft of this report, CSTC-A agreed and stated that they had conducted a review of the vehicle storage contractor's accountability procedures on January 11, 2009, and concluded that the vehicle storage contractor controls access to its records and makes monthly backups of all property records.

Records for ANP Vehicles Throughout Afghanistan

To test if CSTC-A property records were accurate and all vehicles were accounted for, we performed site visits at ANP facilities in five Afghan cities (see Appendix A, Scope and Methodology). We recorded VINs from vehicles in use at each location (see Figure 3) and later reconciled this information to property records prepared by the vehicle storage contractor and relied on by CSTC-A.



Figure 3. Auditor Records VINs at the Training Center in Mazar-e-Sharif

In total, we recorded and reconciled VINs for 174 vehicles in use at 7 ANP facilities throughout Afghanistan. Table 1 presents the results of our site visits.

Table 1. Accuracy of CSTC-A Property Records by Facility

ANP Facility	City	VINs	
		Recorded	Not in Records
1. Regional Training Center North 2. Joint Regional Command Center	Mazar-e-Sharif	13	0
3. Joint Regional Command Center East	Gardez	12	0
4. Regional Headquarters	Kandahar	82	2
5. Regional Headquarters 6. Border Police	Herat	39	2
7. Kabul City Police Command	Kabul	28	3
Total		174	7

The official property records at three of the seven facilities were not complete, and therefore, not reliable.

Conclusion

We found that CSTC-A relied on contractors to maintain accountability for the vehicles destined for the ANP. However, the contractor property records were not always accurate and therefore, CSTC-A could not account for every vehicle received. To improve accountability, CSTC-A should ensure that the VINs are recorded on the DD Forms 250 when the vehicles are accepted and that a reconciliation be performed between the VINs recorded on the DD Forms 250 and the VINs physically located on the vehicle. This reconciliation should be performed at the Coprin lot and at each of the ANP facilities. Greater efforts to improve record keeping for vehicles from receipt in Afghanistan through transfer to the ANP will prevent the use of scarce ASF funds for replacement purchases, minimize loss of sensitive equipment to criminal elements, and promote the ANP security mission.

Management Actions

In response to a discussion draft of this report, CSTC-A officials informed us of actions they have taken, or plan to take, to improve accountability for vehicles obtained for the ANP. Specifically, CSTC-A now obtains the VIN for each vehicle purchased and adds it to the DD Form 250; has drafted standard operating procedures for the proper accountability for all vehicles transported to Kabul; and reconciles contractor invoices for all vehicles received at the Coprin Lot to the vehicle shipping documents. Finally, CSTC-A officials performed a 100-percent inventory of vehicles in the Coprin Lot on March 2, 2009. The inventory consisted of verifying each vehicle's VIN against Coprin Lot's property book records. According to CSTC-A, no discrepancies were noted, and all vehicle VINs were reconciled with the property book.

Recommendations, Management Comments, and Our Response

A. We recommend that the Commanding General, Combined Security Transition Command-Afghanistan:

- 1. Mandate that all current and future vehicle contracts require the contractor to list vehicle identification numbers on the DD Form 250. In addition, for each vehicle purchased, provide the corresponding DD Form 250 to Combined Security Transition Command-Afghanistan officials to ensure every vehicle purchased is received at the Coprin Lot.**

CSTC-A Comments

The CSTC-A Deputy Commanding General partially agreed and stated that currently the contractor does not prepare the DD Form 250; however, the CSTC-A Logistics Division receives vehicle identification numbers for all purchased vehicles and records the numbers on the DD Form 250. The CSTC-A Deputy Commanding General further stated that, effective June 2009, CSTC-A will record VINs in a tracking database.

Our Response

Although the CSTC-A Deputy Commanding General only partially agreed with the recommendation, comments received from CSTC-A satisfied the intent of the recommendation. We consider CSTC-A's comments responsive, and no further comments are required.

- 2. Perform a 100-percent physical inventory of vehicles currently in the lot, using U.S. Government and vehicle storage contractor personnel.**

CSTC-A Comments

CSTC-A's Deputy Commanding General agreed and stated that an inventory was conducted in March 2009, and that no discrepancies were noted.

Our Response

We consider CSTC-A's comments responsive.

- 3. Develop and implement standard operating procedures at the Coprin Lot to properly account for all equipment under U.S. Government control in accordance with DoD Instruction 5000.64. At a minimum, the procedures should:**

- a. Require U.S. Government personnel to verify that receiving and distribution information in the vehicle storage contractor-provided property records is accurate and complete.**

CSTC-A Comments

The CSTC-A Deputy Commanding General agreed and stated that the contractor at Coprin Lot provides the CSTC-A Logistics Division the DD Forms 250 for all vehicles received at Coprin Lot. The CSTC-A Logistics Division reconciles the DD Forms 250 to a receivables database prior to submitting the forms to the CSTC-A contracting office for processing and closeout.

- b. Require the reconciliation of the vehicle identification number on each vehicle delivered to the Coprin Lot to the DD Form 250 used to authorize payment for the vehicle.**

CSTC-A Comments

The CSTC-A Deputy Commanding General agreed and stated that the CSTC-A Logistics Division reconciles all VINs delivered to Coprin Lot to the corresponding DD Form 250.

- c. Control access to the property accountability records for vehicles to prevent unauthorized changes, and make timely backups of property record information.**

CSTC-A Comments

The CSTC-A Deputy Commanding General agreed and stated that CSTC-A conducted a site survey of the vehicle storage contractor's accountability procedures. According to the CSTC-A Deputy Commanding General, the vehicle storage contractor controls access to records and makes monthly backups of all property record information, submitting a copy to the CSTC-A Logistics Division.

Our Response

We consider CSTC-A's comments on all parts of Recommendation A.3. responsive.

Finding B. Receiving and Inventory Controls for Radios and Computers

CSTC-A did not have complete and reliable property records for radios and computers purchased for the ANP. CSTC-A had not implemented receiving and inventory controls to ensure accountability for all radios and computers purchased for the ANP. As a result, the DoD has no assurance that radios and computers purchased for the ANP were received, or that ANP units received the quantity or type of equipment ordered.

Warehouse Operation

Warehouse 1⁵ in Kabul is the primary receiving and storage location for radios, computers, and related communication equipment purchased with ASF funds and intended for the ANP. The warehouse is operated by a DOD contractor (U.S. Army Communications-Electronics Command contract DAAB07-03-D-B013, task order 100) who is responsible for equipment accountability at the warehouse. The contractor task execution plan provided by the U.S. Army Communications-Electronics Command states:

Upon arrival of the equipment at the Combined Security Transition Command-Afghanistan (CSTC-A) storage facility in Afghanistan, the contractor team will inventory the items received and check them against the list of equipment shipped. During the contractor's visual inspection of the equipment, damage to the equipment will be noted and each piece will be tested to ensure the product is in its intended working condition. Contractor-Acquired Property (CAP) items damaged in shipping will be returned to the respective vendor for replacement. The contractor will record serial numbers for equipment marked with serial numbers. Equipment will then be assigned to secure storage inside the warehouse pending deployment to various locations in Afghanistan as directed by CSTC-A.

The contractor operators will attach a unique serial number to the equipment. A number will be assigned for each major end item (e.g., radio). ANP serial numbers, item descriptions and equipment serial numbers will be recorded. Information captured during the receipt process will be entered into the inventory database. This information will also be provided to the Security Assistant Management Directive (SAMD) U.S. Army Communications-Electronics Command.

Receiving Controls for Radios

CSTC-A has used ASF funds of at least \$15.9 million to purchase radios and related equipment delivered to Warehouse 1. According to the contractors that operate Warehouse 1, once the radios are received, the contractor performs power tests on the

⁵ CSTC-A receives and stores radios and computers intended for the ANP in two warehouses in Kabul. Although CSTC-A personnel refer to them as the Old Zahid Warehouse and the New Zahid Warehouse, in this report we refer to these facilities as Warehouse 1 and Warehouse 2, respectively.

radios and records the radio serial numbers in the Master Equipment List (MEL). The contractor then prepares the DD Forms 250 and delivers the documents to the CSTC-A Communications Division for approval and signature, along with the updated MEL. Copies of the DD Forms 250 are maintained by both the Communications Division and contractor. However, the Communications Division personnel do not perform an independent verification that all of the equipment listed on the DD Form 250 was actually received. Such verification is required by the Federal Acquisition Regulation (FAR), Subpart 46.4, "Government Contract Quality Assurance," and Subpart 46.5, "Acceptance." Both FAR subparts state that U.S. Government representatives must be available to verify the accuracy of each DD Form 250 submitted for payment.

Inventory Controls for Radios

The contractor maintains the MEL for ANP radios delivered to Warehouse 1. The MEL satisfies the requirements for radio accountability as prescribed in the task execution plan for contract DAAB07-03-D-B013, task order 100. To determine the accuracy of the MEL, we performed inventory tests at ANP storage facilities in Kabul, as well as at various ANP facilities in five Afghan cities: Mazar-e-Sharif, Gardez, Kandahar, Herat, and Kabul.

Inventory Tests at Warehouse 1

We visited Warehouse 1 on April 12, 2008, to test the accuracy of the contractor's radio inventory records. We conducted a physical inventory of selected radios and reconciled the physical inventory results to the data contained in the MEL as of March 20, 2008. Table 2 provides the results of that reconciliation.

Table 2. Inventory Test Results at Warehouse 1

Type of Communication Equipment ¹	Units Reported in MEL Inventory	Units in Inventory or Recently Distributed ²	Discrepancy
VHF* – GP360 Portable (Handheld)	3,105	3,105	0
VHF – GM360 Mobile (Vehicular)	657	659	2
VHF – GP360 (Base Station)	205	206	1
HF** – 2110 SSB Tcvr Unit (Manpack)	65	65	0
HF – NGT SRx Desktop Unit (Base Station)	4	4	0
HF – NGT VR Mobile Kit (Vehicular)	4	4	0
HF Mobile Antenna – NVIS	3	3	0
HF Mobile Antenna – 9350 Auto Tune	2	4	2
Total	4,045	4,050	5

* Very high frequency.

** High frequency.

¹ All items were purchased under contract DAAB07-03-D-B013, task order 100.

² We reviewed hand receipts to verify the number of units recently distributed.

Although we only identified 5 radios not properly accounted for, DOD guidance requires 100 percent accountability for radios and related equipment. DOD 4100.39-M, "Federal Logistics Information Systems Procedures Manual," volume 10, table 61, November

2007, defines communication/electronic equipment as controlled inventory items having a ready resale value or civilian application for personal possession and, therefore, subject to theft. DoD Instruction 5000.64, “Accountability and Management of DoD-Owned Equipment and Other Accountable Property,” November 2, 2006, requires a 100-percent inventory accuracy rate for vulnerable property such as radios and related equipment.

Inventory Tests at ANP Facilities

In total, we selected 117 radios in use at 7 ANP facilities throughout Afghanistan and reconciled the radio serial numbers to CSTC-A property records. In addition, we determined whether the MEL accurately reported the location of each radio. Table 3 presents the results of our site visits.

Table 3. Inventory Test Results at ANP Facilities

ANP Facility	City	Serial Numbers		Entries With Location Errors
		of Radios Selected at Facility	Missing From MEL	
1. Regional Training Center North	Mazar-e-Sharif	34	1	31
2. Joint Regional Command Center				
3. Joint Regional Command Center East	Gardez	11	8	2
4. Regional Headquarters	Kandahar	49	13	14
5. Regional Headquarters	Herat	14	3	4
6. Border Police				
7. Kabul City Police Command	Kabul	9	1	6
Total		117	26	57

We found that the official property records maintained by the contractor were not accurate and, therefore, not reliable to use to account for ANP radios. Of the 117 radios in our judgmental sample, 26 had serial numbers not listed in the MEL.

As shown in Table 3, the MEL did not accurately list the geographical locations for 57 radios. Those 57 radios were not in the location for which they were programmed. Each radio is programmed by the contractor for use at a specific location and is useless if delivered to an ANP unit or facility outside its programmed location. However, the Ministry of the Interior (MoI) sometimes inadvertently distributed radios to locations different from those officially designated by CSTC-A.

Radios distributed from Warehouse 1 did not always reach the intended destination. CSTC-A officials stated that the Afghanistan Regional Security Integration Command (ARSIC) communication offices were aware of incoming radio shipments since they were sent notification of delivery times and intended destinations by e-mail; however,

a communication disconnect may have occurred between the ARSIC communication offices and the Regional Police Advisory Command mentors.⁶ During our site visits to Mazar-e-Sharif and Herat, Regional Police Advisory Command mentors voiced concerns that shipment delivery times were not always communicated, instructions for the intended destination of radios were not always disseminated, and large shipments were extremely difficult to reconcile by receiving unit. Advance notice of delivery times and intended destinations to Regional Police Advisory Command mentors would lead to improved oversight of the ANP radio distribution process and improved mentoring to ensure radios reach their intended destination.

Contractor Use of Equipment Purchased With the ASF Fund

We observed, and the contractor warehouse manager confirmed, that the MEL is kept on a laptop computer purchased with ASF funds and intended for the ANP. In total, 12 laptop computers purchased with ASF funds and intended for issue to the ANP are currently being used by the contractor staff. CSTC-A has permitted the contractor to issue ANP computers at Warehouse 1 to the contractor staff temporarily. This practice sets a precedent that equipment planned for issue to the ANP can be used by the U.S. Government or its contracted personnel. The task execution plan provided by the U.S. Army Communications-Electronics Command for the contract specifically states that “there is no government furnished equipment requirement for this proposed effort,” meaning that the contractor is responsible for furnishing its own equipment.

Receiving and Inventory Controls for Computers

The CSTC-A Communications Division maintains and updates the information technology equipment list. This list, created in April 2007 and documented in a spreadsheet, is an inventory of desktop and laptop computers in storage awaiting distribution to the ANP.

The CSTC-A Communications Division staff is present for the receipt of all computer shipments to Warehouses 1 and 2. As computers are unloaded, every computer serial number is scanned by barcode and uploaded into the inventory. The Communications Division staff confirms that the number of computers received matches the number of computers ordered in the contract. Before computers are distributed to the ANP, the Communications Division staff must receive justification from MoI for the requested computers. As the Communications Division distributes computers, the staff updates the inventory, documenting who received each computer and the date. Although the CSTC-A Communications Division staff follows the above procedures, there are no formal standard operating procedures describing the processes needed to maintain accountability for computers for the ANP. In addition, CSTC-A lacks plans for distribution.

⁶ Attached to each corps is an Afghanistan Regional Security Integration Command. There are five ARSICs – North, South, East, Central, and West – that support the CSTC-A mission. Each ARSIC comprises a Regional Police Advisory Command and a Regional Corps Advisory Command. The Regional Police Advisory Command is responsible for training, coaching, and mentoring all organizations of the ANP.

Physical Inventory of Computers in Storage

On April 12, 2008, we performed site visits to Warehouses 1 and 2 to perform physical inventories of desktop and laptop computers. CSTC-A inventory records did not account for all computers purchased with ASF funds for the ANP. The CSTC-A Communications Division could not account for 89 ANP laptop computers.

We counted 576 desktop computers at Warehouse 1. That number agreed with CSTC-A inventory records. We counted 593 laptop computers at the Warehouse 1 and 1,334 laptop computers at Warehouse 2 for a total of 1,927 laptop computers in CSTC-A's custody. According to CSTC-A inventory records, however, the warehouses should have contained a total of 2,167 laptop computers. Therefore, our count revealed that 240 laptop computers that were reported in CSTC-A records were missing from storage. CSTC-A later provided documentation to prove that 151 of the 240 missing computers had been issued, leaving 89 computers valued at approximately \$126,000 unaccounted for. CSTC-A's lack of accountability for ANP laptop computers may contribute to further losses, theft, or duplicate purchases of laptop computers. We notified the Director of the CSTC-A Communications Division about the 89 missing computers on June 7, 2008.

Conclusion

CSTC-A provided inadequate oversight to fully account for each radio and computer purchased with ASF funds and intended for the ANP. A significant loss of accountability occurred because property records for radios and laptop computers were inaccurate and retained only by contractors. Greater efforts to improve accountability for radios and laptop computers from receipt in Afghanistan through transfer to the ANP will avoid the use of scarce ASF funds for replacement purchases, minimize loss of sensitive equipment to criminal elements, and promote the ANP security mission.

Management Actions

In June 2008, CSTC-A Communications Division officials directed the contractor staff to begin using new procedures to resolve problems we identified in receipt and acceptance of radios delivered to Warehouse 1. The contractor staff is now required to reconcile the type and quantity of equipment received to items ordered, prepare the DD Forms 250, and work with CSTC-A officials to inspect and verify all equipment was received. CSTC-A staff then signs the DD Forms 250 at Warehouse 1. Finally, contractor staff will distribute the DD Forms 250 as required and retain copies.

In response to a discussion draft of this report, CSTC-A informed us that radios are typically issued by CSTC-A to the ANP at the regional level, whereas distribution at the unit level remains an Afghan responsibility. Afghanistan logistics personnel receive training on proper radio distribution methods from CSTC-A MoI mentors.

Recommendations, Management Comments, and Our Response

Revised Recommendation

As a result of management comments, we revised Recommendation B.2. to clarify our intention that formal guidance is needed on the proper use of equipment purchased for support of the Afghanistan Security Forces.

B.1. We recommend that the Commanding General, Combined Security Transition Command-Afghanistan:

- a. Develop and implement standard operating procedures in accordance with the FAR and DoD 5000.64 for:**
 - (1) property accountability for radios and laptop computers delivered to Warehouses 1 and 2.**
 - (2) distribution of Afghanistan National Police radios, including a notification system to communicate radio delivery times and instructions to all responsible parties.**

CSTC-A Comments

The CSTC-A Deputy Commanding General agreed and stated that the CSTC-A Communications Division has developed and is adhering to standard operating procedures to include Afghanistan National Police radio and laptop computer receipt and issue. The CSTC-A Deputy Commanding General further stated that the CSTC-A Communications Division will review the standard operating procedures to ensure they are in accordance with the FAR and DoD Instruction 5000.64.

- b. Develop and implement controls to prevent the improper use of equipment purchased with the Afghanistan Security Forces Fund.**

CSTC-A Comments

The CSTC-A Deputy Commanding General agreed and stated that CSTC-A will implement a program in June 2009 to track procurement, shipment, and receipt of all defense articles issued to the Afghanistan Security Forces to further increase accountability.

- c. Conduct a formal investigation to locate the 89 missing computers and determine the cause for the discrepancy.**

CSTC-A Comments

The CSTC-A Deputy Commanding General agreed and stated that CSTC-A will conduct a formal investigation to determine the cause of the 89-computer discrepancy.

Our Response

We consider CSTC-A's comments on all parts of Recommendation B.1. responsive.

B.2. We recommend that the Commander, U.S. Central Command develop and issue formal guidance on the proper use of equipment purchased for support of the Afghanistan Security Forces to include computers and other electronic gear.

U.S. Central Command Comments

The Chief of Staff, responding for the Commander, USCENTCOM did not agree, stating it was USCENTCOM's opinion that the laptop computers in question are equipment that belongs to, and is part of, the Afghanistan depots. The Chief of Staff further stated that the contractors were hired to operate the depots until the Afghanistan National Police are capable of taking responsibility for depot operations. Depot personnel will require the use of the laptop computers to maintain operations.

Our Response

We consider USCENTCOM's comments nonresponsive, and this recommendation remains open. However, we revised the recommendation in our draft report to clarify our position that clear guidance on the use of this equipment is required. The laptops in question have not been transferred to the Afghanistan National Army and are still the property of the U.S. Government. These laptops have been temporarily issued by the contractor to its personnel using U.S. Army hand receipts. In addition, the contract task execution plan provided by the U.S. Army Communications-Electronics Command specifically states that "there is no government furnished equipment requirement for this proposed effort." USCENTCOM has stated this use is not improper but has not provided formal guidance on proper use of the equipment.

We request that the Commander, USCENTCOM provide comments on the revised recommendation by October 2, 2009.

Finding C. Transfer of Equipment to the Afghan Government

CSTC-A did not formally transfer vehicles, radios, or computers to the Government of Afghanistan. CSTC-A transferred equipment to the ANP using U.S. Army forms that were not designed to officially transfer ownership and accountability. Therefore, the U.S. Government has not been officially relieved of accountability for equipment provided to the ANP.

Vehicle Transfer

When the CSTC-A Logistics Division or the MoI requisitioned vehicles, the vehicle storage contractor prepared the vehicles for delivery. The vehicle storage contractor used the Department of the Army (DA) Form 2062, provided by CSTC-A, as a hand receipt to transfer custody of the vehicles to the MoI. The contractor filled out all pertinent information on the number of vehicles being delivered, including their VINs, and then provided the form to the Logistics Division for approval. After the Logistics Division approved the form, the contractor had a MoI representative pick up the vehicles and sign the last page of the DA Form 2062. At this point, the MoI had custody of the vehicles. The DA Form 2062, however, is designed to transfer direct responsibility for equipment among individuals within the U.S. Army, not to relieve the U.S. Government of accountability for equipment issued to another nation. Army Regulation 735-5, “Policies and Procedures for Property Accountability,” February 28, 2005, defines direct responsibility as:

the obligation of a person to ensure all Government property for which he or she has received, is properly used and cared for, and that proper custody, safekeeping, and disposition are provided. Direct responsibility results from assignment as an accountable officer, receipt of formal written delegation, or acceptance of the property on hand receipt from an accountable officer.

The DA Form 2062 is not an appropriate document to transfer accountability for vehicles from the U.S. Government to the Afghanistan Government. According to Army Pamphlet 710-2-1, “Using Unit Supply System,” December 31, 1997, “hand receipt holders are not considered accountable officers.”

Radio Transfer

The MoI provided CSTC-A with a list of the type and number of radios needed per district. Using this list and authorization levels within the Tashkil,⁷ the CSTC-A Communications Division determined how many radios were to be distributed and to which ANP units. The final distribution list was sent to Warehouse 1 in Kabul, where the

⁷ The approved Tashkil represents the aggregate of authorized equipment allocated to ANP units. The equipment listed has been identified as the minimum required for gaining essential ANP operational capabilities.

contractor programmed the radios for the district they were to be delivered to. After programming, CSTC-A scheduled the radios for pickup by the MoI.

The contractor used the DA Form 3161, provided by CSTC-A, as a hand receipt to transfer custody of radios to the MoI. This form is designed for issue and turn-in transactions between a property book officer and hand receipt holder, not to relieve the U.S. Government of accountability for equipment issued to another nation. The DA Form 3161 is not an appropriate document to transfer accountability for radios from the U.S. Government to the Afghan Government.

Computer Transfer

ANP computers were being issued to the MoI from Warehouse 1 on a DA Form 3161. This is the same form used to issue radios. This form is designed for issue and turn-in transactions between a property book officer and hand receipt holder. However, accountability for this equipment does not transfer. Accordingly, the U.S. Government remains accountable for all computers purchased with ASF funds issued to the ANP on DA Form 3161.

Summary

Currently, CSTC-A has transferred only direct responsibility for vehicles, communication equipment, and computers to the ANP. CSTC-A does not have procedures to officially transfer accountability to the ANP. The U.S. Government is responsible to account for property issued to the Government of Afghanistan on U.S. Army hand receipts. DoD Instruction 5000.64 states that official release of accountability by authorized means is required to transfer accountability to the Government of Afghanistan.

Management Actions

In a memorandum dated February 3, 2009, CSTC-A officials stated that they have developed draft standard operating procedures for the formal transfer of accountability for vehicles, radios, and computers to the ANP. According to CSTC-A officials, the standard operating procedures establish a specific point of formal transfer to the ANP.

Recommendation, Management Comments, and Our Response

C. We recommend that the Commanding General, Combined Security Transition Command-Afghanistan, with advice and assistance from the Afghanistan Ministry of Interior, finalize and implement procedures for the formal transfer of accountability for vehicles, radios, and computers to the Afghanistan National Police. The procedures should conform to Army Regulation 735-5 and Army Pamphlet 710-2-1.

CSTC-A Comments

The CSTC-A Deputy Commanding General agreed and stated that, effective January 11, 2009, the Ministry of Interior Form 9 was used to transfer vehicles and radios to the

ANP. The CSTC-A Deputy Commanding General further stated that this procedure is in accordance with Ministry of Interior logistics policy, Army Regulation 735-5, and Army Pamphlet 710-2-1.

Our Response

We consider CSTC-A's comments responsive.

Appendix A. Scope and Methodology

We conducted Phase III of this performance audit in Afghanistan and the United States from December 2007 through May 2009, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We visited U.S. Army Tank – Automotive and Armaments Life Cycle Management Command in Warren, Michigan, to understand its processes for obtaining vehicles with ASF funds obligated under Public Laws 109-13, 109-234, and 109-289, and obtain documentation on vehicles shipped to Afghanistan. We contacted the Defense Contract Management Agency in Alexandria, Virginia; Warren, Michigan; Singapore; and Kabul to understand the agency's role in the shipment of vehicles to Afghanistan. Finally, we contacted officials from the Communications-Electronics Command to determine the methods and documentation used to provide CSTC-A with communication equipment using ASF funds.

We reviewed various DoD instructions, directives, and manuals and U.S. Army guidance that provide direction and procedures to ensure accountability for equipment. We also reviewed CSTC-A Operations Orders and the CSTC-A Campaign Plan, May 7, 2007.

In Afghanistan, we conducted fieldwork from February through June 2008. We performed site visits of ANP units in the five provinces listed in the table below.

ANP Facilities Visited

ANP Facilities	City	Province	Date of Site Visit
1. Regional Training Center North 2. Joint Regional Command Center	Mazar-e-Sharif	Balkh	May 2, 2008
3. Joint Regional Command Center East	Gardez	Paktia	May 9, 2008
4. Regional Headquarters	Kandahar	Kandahar	May 19, 2008
5. Regional Headquarters 6. Border Police	Herat	Herat	May 25, 2008
7. Kabul City Police Command	Kabul	Kabul	June 3, 2008

These units used ASF-funded equipment and were relatively safe to visit. We also visited local depots in Kabul that were used for storage of ANP equipment. At the five ANP units, we selected and recorded the VINs and serial numbers of vehicles and radios in use at each unit. We then reconciled this information to CSTC-A vehicle and radio distribution records to determine whether the computers, vehicles and radios were included in CSTC-A property records. Finally, we interviewed U.S. Government and contractor officials regarding accountability and equipment turnover procedures.

Scope Limitation

Our audit steps validated only on-hand inventory data. We did not verify receipts of equipment against the amount of equipment ordered. If any ordered equipment was not received, our audit methodology would not have detected the resulting inventory shortages.

Use of Computer-Processed Data

We used Excel spreadsheets created by CSTC-A, the contractor, and the vehicle storage contractor to test CSTC-A accountability for equipment intended for the ANP. We tested the reliability of these data by recording VINs and serial numbers of items located at ANP units and reconciling them to information in CSTC-A data. We concluded that the spreadsheet data were inaccurate because many computers, vehicles and radios at ANP units were not properly included in CSTC-A property records.

Appendix B. Prior Coverage

During the last 5 years, the Government Accountability Office (GAO) and the DoD IG have issued 10 reports discussing accountability for goods and services provided to the Iraq and Afghanistan Security Forces. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/audit/reports>.

GAO

GAO Report No. GAO-08-661, “Afghanistan Security: Further Congressional Action May Be Needed to Ensure Completion of a Detailed Plan to Develop and Sustain Capable Afghan National Security Forces,” June 2008

GAO Report No. GAO-07-711, “Stabilizing Iraq: DoD Cannot Ensure That U.S.-Funded Equipment Has Reached Iraqi Security Forces,” July 2007

GAO Report No. GAO-07-582T, “Operation Iraqi Freedom: Preliminary Observations on Iraqi Security Forces’ Logistical Capabilities,” March 2007

GAO Report No. GAO-07-308SP, “Securing, Stabilizing, and Rebuilding Iraq: Key Issues for Congressional Oversight,” January 2007

GAO Report No. GAO-05-575, “Afghanistan Security: Efforts to Establish Army and Police Have Made Progress, but Future Plans Need to Be Better Defined,” June 2005

DoD IG

DoD IG Report No. D-2009-050, “Distribution of Funds and the Validity of Obligations for the Management of the Afghanistan Security Forces Fund Phase II,” February 5, 2009

DoD IG Report No. D-2009-031, “Afghanistan Security Forces Fund Phase III-Air Force Real Property Accountability,” December 29, 2008

DoD IG Report No. D-2008-026, “Management of the Iraq Security Forces Fund in Southwest Asia - Phase III,” November 30, 2007

DoD IG Report No. D-2008-012, “Distribution of Funds and Validity of Obligations for the Management of the Afghanistan Security Forces Fund-Phase I,” November 5, 2007

DoD Report No. IE-2007-001, “Interagency Assessment of Afghanistan Police Training and Readiness,” November 14, 2006*

* The Inspectors General of the Department of State and Department of Defense jointly conducted this assessment.

Appendix C. Other Matters of Interest

Property Books at Afghanistan National Police Regional Units

ANP units were not able to provide evidence that they were keeping property books showing serialized vehicles, radios, or laptop computers. A contractor* was contracted to train MoI personnel in property management. The training covered the following topics:

- Assigning Responsibilities for Property. This training module instructed the police forces in what documents they were to use in a property book and for hand receipts. The training also introduced requirements in issuing property on hand receipts.
- Hand Receipt Procedures. This training module described hand receipt requirements and their proper use, including that hand receipts are required whenever weapons, radios, vehicles, and other specified equipment are issued.
- Property Book Pages (MoI ANP Forms 3328/3328-1). This training module provided information regarding maintaining the required property book.
- Inventory Management. This training module provided information regarding types of inventories, frequency, and how to use the property book records to conduct an accountability check of equipment.
- Lateral Transfer Procedures. This training module provided information regarding maintaining accountability for equipment that is moved from one unit to another.

We found that none of the ANP organizations visited during our site visits (see Appendix A, Scope and Methodology for locations) had established property books tracking equipment by serial number, in accordance with the MoI Logistics Management Policy. If the ANP is unable to maintain effective property records, CSTC-A will not accomplish its mission to establish a self-sustaining, enduring security capability in Afghanistan, and ASF funds have not been efficiently used.

* The contractor is a training, simulation, and government services company. The contractor provides a range of comprehensive services internationally on behalf of the U.S. Government or directly to other governments under license by the U.S. Department of State.

Appendix D. Inventory Control Guidance

Section 524, Title 40, United States Code

Section 524, title 40, United States Code (40 U.S.C. 524) requires that executive agencies “maintain adequate inventory controls and accountability systems for property under its [the executive agencies] control.”

DoD Guidance

DoD Instruction 5000.64, “Accountability and Management of DoD-Owned Equipment and Other Accountable Property,” November 2, 2006, establishes policy and procedures to comply with 40 U.S.C. 524. It states that “all persons entrusted with the management of Government property shall possess and continually demonstrate an appropriate level of competence and proficiency in property accountability and management.” In addition, “accountable property records shall be established for all property purchased, or otherwise obtained, having a unit acquisition cost of \$5,000 or more . . . and assets that are sensitive or classified. Property records will be kept current and shall provide a complete trail of all transactions, suitable for audit.” Finally, the instruction also provides that “accountable property records shall reflect current status and locations . . . until the Component is otherwise formally relieved of accountability by authorized means.”

U.S. Army Guidance

Army Pamphlet 710-2-1, “Using Unit Supply System,” December 31, 1997, states that “hand receipts are required whenever property book or durable items are issued. The hand receipt lists the property that has been issued. The signature of a person on a hand receipt establishes direct responsibility.” Further, it states that “hand receipt holders are not considered accountable officers.” The pamphlet also governs the use of DA Form 2062, “Hand Receipt/Annex Number,” and DA Form 3161, “Request for Issue or Turn-in” as hand receipts.

Army Regulation 735-5, “Policies and Procedures for Property Accountability,” February 28, 2005, defines direct responsibility as “the obligation of a person to ensure all Government property for which he or she has received, is properly used and cared for, and that proper custody, safekeeping, and disposition are provided. Direct responsibility results from assignment as an accountable officer, receipt of formal written delegation, or acceptance of the property on hand receipt from an accountable officer.”

U.S. Central Command Comments

Final Report
Reference



UNITED STATES CENTRAL COMMAND
OFFICE OF THE CHIEF OF STAFF
7115 SOUTH BOUNDARY BOULEVARD
MACDILL AIR FORCE BASE, FLORIDA 33621-5101

1 June 2009

FOR: DEPARTMENT OF DEFENSE INSPECTOR GENERAL (DODIG)

SUBJECT: Review of DODIG Draft Report, "Afghanistan Security Forces Fund Phase III Accountability for Equipment Purchased for the Afghan National Police (D2007-DOOOLQ.0161.006)

1. Thank you for the opportunity to respond to the recommendations presented in the DODIG draft report.
2. USCENTCOM non-concurs with Recommendation B.2. There are no references cited in the draft report to validate the observations noted were "improper." Due diligence by the CENTCOM action officer failed to identify law, directives, or other references that would restrict the observed behavior. CENTCOM's opinion is that the laptops in question are equipment that belongs to the Afghan depots and is a part of the Afghan depots. The contractors were hired to operate the depots until the Afghans are capable of taking responsibility for depot operations. US forces, contractors, or Afghans operating the depots will require use of the laptops to operate the depots.
3. CSTC-A partially concurs with Recommendation A.1. and is currently in compliance; currently the contractor does not prepare the DD Form 250. CSTC-A CJ4 Operations ANP Distribution team receives the Vehicle Identification Number (VIN) for all vehicles purchased from the contractor and records the numbers on the DD Form 250 (encl. 1). Effective, June 2009 CSTC-A will stand-up the Afghan 1228 and Golden Sentry Program, which records VINs in a tracking database.
4. CSTC-A concurs with the remaining recommendations in the report. Due to the number of on-going engagements, CSTC-A Deputy Commanding General asks that future draft and final reports include the date the audit was conducted on either the cover page or the "results in brief" section to assist the command on focusing on the specific engagement.
5. The Point of Contact is [REDACTED], USCENTCOM Inspector General, [REDACTED]

Revised

JAY W. HOOD
Major General, U.S. Army

Attachments:

TAB A: CCJ4 Response
TAB B: USFOR-A/CSTC-A Response

Combined Security Transition Command-Afghanistan Comments



DEPARTMENT OF DEFENSE
COMBINED SECURITY TRANSITION COMMAND – AFGHANISTAN
KABUL, AFGHANISTAN
APO AE 09356

CSTC-A-DCG

27 May 2009

MEMORANDUM THRU United States Central Command, ATTN: CCIG, MacDill AFB, FL 33621

FOR United States Department of Defense, Office of the Deputy Inspector General for Auditing, Joint and Overseas Operations, 400 Army Navy Drive, Arlington, Virginia 22202-4704

SUBJECT: CSTC-A Response to the Department of Defense Inspector General

1. Reference: Report on "Afghanistan Security Forces Fund Phase III – Accountability for Equipment Purchased for the Afghan National Police," (Project No. D2007-D000LQ-0161.006).
2. The purpose of this memorandum is to respond to the recommendation listed in the referenced report. The Command has enclosed response which reflects significant efforts to address the shortcomings noted in the report.
3. On future draft and final reports, please include the date the audit/assessment was conducted on the cover page or in the "Results in Brief" section of the report.
4. My point of contact is [REDACTED] or NIPR email [REDACTED]

Encl

[Signature]
ANTHONY R. IERARDI
Brigadier General, U.S. Army
Deputy Commanding General

DODIG DRAFT REPORT –
Project No. D2007-D000LQ-0161.006

MAY 13, 2009

**“Afghanistan Security Forces Fund Phase III Accountability for Equipment Purchased for
the Afghan National Police”**

CSTC-A GENERAL COMMENTS

Similar to several recent reports, this report presents findings on an audit conducted more than one year ago, and does not reflect the current state of the command. New policies and procedures were instituted soon after the audit and are in place to account for equipment purchased for the Afghan National Police.

**CSTC-A COMMENTS
TO THE DRAFT REPORT**

RECOMMENDATION A.1. DODIG recommends that the Commanding General, Combined Security Transition Command-Afghanistan mandate that all current and future vehicle contracts require the contractor to list vehicle identification numbers on the DD Form 250. In addition, for each vehicle purchased, provide the corresponding DD Form 250 to Combined Security Transition Command-Afghanistan officials to ensure every vehicle purchased is received at the Coprin Lot. (DODIG report page 8)

CSTC-A RESPONSE TO RECOMMENDATION A.1: CSTC-A partially concurs with information provided in this DODIG Report and is currently in compliance; currently the contractor does not prepare the DD Form 250. CSTC-A CJ4 Operations ANP Distribution team receives the Vehicle Identification Number (VIN) for all vehicles purchased from the contractor and records the numbers on the DD Form 250 (encl. 1). Effective, June 2009 CSTC-A will stand-up the Afghan 1228 and Golden Sentry Program, which records VINs in a tracking database (encl. 2).

RECOMMENDATION A.2. DODIG recommends that the Commanding General, Combined Security Transition Command-Afghanistan perform a 100-percent physical inventory of vehicles currently in the lot, using U.S. Government and RM Asia personnel. (DODIG report page 8)

CSTC-A RESPONSE TO RECOMMENDATION A.2: CSTC-A concurs with information provided in this DODIG Report and is currently in compliance. In accordance with the Coprin Lot standard operating procedure (SOP) there is an annual requirement to conduct a 100% inventory of all vehicles. The 100% inventory was conducted March 2009 (encl. 3). No discrepancies noted.

RECOMMENDATION A.3. DODIG recommends that the Commander, Combined Security Transition Command-Afghanistan develop and implement SOPs at the Coprin Lot to properly account for all equipment under U.S. Government control in accordance with DoD Instruction 5000.64. At a minimum, the procedures should:

MAY 13, 2009

- a. Require U.S. Government personnel to verify that receiving and distribution information in the RM Asia-provided property records is accurate and complete.
- b. Require the reconciliation of the vehicle identification number on each vehicle delivered to the Coprin Lot to the DD Form 250 used to authorize payment for the vehicle.
- c. Control access to the property accountability records for vehicles to prevent unauthorized changes, and make timely backups of property record information. (DODIG report pages 8, 9).

CSTC-A RESPONSE TO RECOMMENDATION A.3.a: CSTC-A concurs with information provided in this DODIG Report and is currently in compliance. Contractors review and provide CSTC-A CJ4 Operations ANP Distribution team with the invoices (DD Form 250) of all vehicles received at the Coprin Lot. In accordance with Coprin Lot SOP (encl. 4), CSTC-A CJ4 Operations reconciles the invoices with their accounts receivable database and submits the DD Form 250 to CSTC-A contracting office for processing and close-out.

CSTC-A RESPONSE TO RECOMMENDATION A.3.b: CSTC-A concurs with information provided in this DODIG Report and is currently in compliance. CSTC-A CJ4 Operations ANP Distribution team reconciles all VINs delivered to Coprin Lot.

CSTC-A RESPONSE TO RECOMMENDATION A.3.c: CSTC-A concurs with information provided in this DODIG Report and is currently in compliance. CSTC-A conducted a site survey of RM Asia's accountability procedures in March 2009 (encl. 3). The RM Asia controls access to their records and makes monthly back-ups of all property record information and submits monthly records to CSTC-A ANP distribution.

RECOMMENDATION B.1. DODIG recommends that the Commanding General, Combined Security Transition Command-Afghanistan:

- a. Develop and implement standard operating procedures in accordance with the FAR and DoD 5000.64 for:
 - (1) Property accountability for radios and laptop computers delivered to Warehouses 1 and 2.
 - (2) Distribution of Afghan National Police radios, including a notification system to communicate radio delivery times and instructions to all responsible parties.
- b. Develop and implement controls to prevent the improper use of equipment purchased with the Afghanistan Security Forces Fund.
- c. Conduct a formal investigation to locate the 89 missing computers and determine the cause for the discrepancy. (DODIG report page 16)

DODIG DRAFT REPORT –
Project No. D2007-D000LQ-0161.006

MAY 13, 2009

CSTC-A RESPONSE TO RECOMMENDATION B.1.a.(1): CSTC-A concurs with information provided in this DODIG Report. CSTC-A/CJ6 has developed and is adhering to SOPs to include: Afghanistan National Police Equipment Receipt and Issue (encl. 5), and Afghanistan National Police Radio Equipment Receipt and Issue (encl. 6) and will review these SOPs to ensure compliance with the FAR and DoD 5000.64.

CSTC-A RESPONSE TO RECOMMENDATION B.1.a.(2): CSTC-A concurs with information provided in this DODIG Report. CSTC-A/CJ6 has developed and is adhering to SOPs to include: Afghanistan National Police Radio Equipment Receipt and Issue (encl. 6) and will review these SOPs to ensure compliance with the FAR and DoD 5000.64. CSTC-A/CJ6 will coordinate with the Security Assistance Office and the Afghan 1228 and Golden Sentry Program to obtain serial numbers of all inbound shipments of radios (encls. 7 & 8).

CSTC-A RESPONSE TO RECOMMENDATION B.1.b: CSTC-A concurs with information provided in this DODIG Report and will be in compliance. In June 2009 CSTC-A will activate the Afghan 1228 and Golden Sentry Program. The Afghan 1228 program tracks the procurement, shipment and receipt of all defense articles issued to the ANSF to further increase CSTC-A accountability procedures. Fourteen additional billets were requested within the Security Assistance Office to support the increased requirements of the Afghan 1228 and Golden Sentry Program (encls. 7 & 8).

CSTC-A RESPONSE TO RECOMMENDATION B.1.c: CSTC-A concurs with information provided in this DODIG Report and will conduct a formal investigation to determine the cause for the discrepancy of the 89 computers. CSTC-A CJ6 has developed and is adhering to SOPs to ensure there is no loss of accountability. Current version of the SOP used on computer and network equipment is included in CSTC-A's response (encl. 5).

RECOMMENDATION C. DODIG recommends that the Commanding General, Combined Security Transition Command-Afghanistan, with advice and assistance from the Afghan Ministry of Interior, finalize and implement procedures for the formal transfer of accountability for vehicles, radios, and computers to the Afghan National Police. The procedures should conform to Army Regulation 735-5 and Army Pamphlet 710-2-1. (DODIG report page 18)

CSTC-A RESPONSE TO RECOMMENDATION C: CSTC-A concurs with information provided in this DODIG Report and is currently in compliance. Effective 11 January 2009 MOI Form 9 (encl. 9) was used to transfer vehicles and radios to the ANP, procedures are in accordance with MOI Logistics policy dated January 2009. The MOI procedures conform to requirements outlined in AR 735-5 and Army Pamphlet 710-2-1.



Inspector General Department *of* Defense

